Full capital account convertibility

603. SHRI SYED AZEEZ PASHA:
SHRI YASHWANT SINHA:
SHRI SHATRUGHAN SINHA:

Will the Minister of FINANCE be pleased to state:

(a) whether the Prime Minister has announced India's intent to move to fuller capital account convertibility;

(b) whether as a follow up to this announcement the RBI has set up a committee for this purpose and another committee to examine the report of this committee; and

(c) the latest position in this regard?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) The Prime Minister had in a speech at Reserve Bank of India (RBI) in March 2006 mentioned the following: "Given the changes that have taken place over the last two decades, there is merit in moving towards fuller capital account convertibility within a transparent framework. I will therefore request the Finance Minister and the Reserve Bank to revisit the subject and come out with a roadmap based on current realities".

(b) and (c) The RBI appointed, on March 20, 2006, a Committee to set out the Roadmap Towards Fuller Capital Account Convertibility. The Report of the said Committee was submitted to the RBI on July 31, 2006. A Working Group has been constituted by the RBI to examine the policy issues and provide an analysis on the recommendations. The Reserve Bank has constituted an Internal Task Force to re-examine the extant regulations and remove the operational impediments in the path of liberalization already in place, which will make its recommendations to the RBI on an ongoing basis.

Short term credit to farmers

604. SHRI YASHWANT SINHA:
SHRI SHATRUGHAN SINHA:
SHRI JAI PARKASH AGGARWAL:

Will the Minister of FINANCE be pleased to state:

(a) whether he has announced in his budget speech on 28th February, 2006 that Government propose to ensure that the farmers receive short

term credit at 7 per cent with an upper limit of 300,000 on the principle amount and that this policy suppose to come into force w.e.f. Kharif 2006-07;

(b) whether the scheme announced above has not yet been implemented and that loans at concessional rate at 7 per cent interest is unlikely to become available to farmers even for Rabi 2006-07;

(c) whether the loans advanced to farmers by the co-operative banks has declined from 60 per cent to 40 per cent during the last one year; and

(d) if so, what are the reasons for the above delay and by when Government expects to implement the scheme?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a), (b) and (d) Yes, Sir. To operationalise the budget announcement, Reserve Bank of India issued guidelines to Public Sector Banks (PSBs) and NABARD has issued guidelines to Regional Rural Banks(RRBs) and Cooperative Banks. The Government has provided concessional refinance to Cooperative Banks and RRBs through NABARD, at an interest rate of 2.5% p.a. and 4.5% p.a. respectively for the year 2006-07. All PSBs and RRBs are lending Short Term Agriculture Credit at 7% p.a. Some Cooperative Banks are lending at rates higher than 7% p.a. The Government has now decided to provide an interest subvention of 2% p.a. to Cooperative Banks on their own involvement of funds used for Short Term Agriculture Credit for 2006-07. With this subvention, it is expected that the Cooperative Banks too shall lend at 7% p.a.

(c) As per provisional data upto 30 September 2006 (Kharif 2006) the crop loans disbursed by cooperative banks stood at Rs.22221.65 crore as against Rs.18212.25 crore during the corresponding period during last year (upto 30 September 2005). Thus, in absolute terms crop loan disbursement by Cooperative Banks have increased by Rs. 4009.40 crores. The share of cooperative was 35% (as against 33% during full year 2005-06).

Processing of IT Returns submitted through post offices

605. SHRI SHATRUGHAN SINHA:
SHRI SYED AZEEZ PASHA:
SHRI YASHWANT SINHA:

Will the Minister of FINANCE be pleased to state: